GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

STARRED QUESTION NO:104
ANSWERED ON:06.03.2007
COTTON IMPORT
Varma Shri Ratilal Kalidas

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government proposes to impose restriction on the imports of cotton on the lines of the restrictions which are existing in countries like America and China;

(b) if so, the details thereof;

(c) whether cotton-growing farmers are not getting high market price for their produces;

(d) if so, the details of action proposed to be taken to maintain the supply of cotton in domestic market;

(e) whether the Government proposes to provide export subsidy as provided by America and China to maintain the supply of cotton in the domestic market; and

(f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) to (f): A statement is laid on the Table of the Houses.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 104 FOR ANSWER ON 06.03.2007.

(a) & (b): The import of cotton is under Open General Licence (OGL) since 19.4.1994 without any qualitative or quantitative restrictions and the said policy is still being continued. The existing basic custom duty on import of raw cotton is 10%. No decision has been taken to put any kind of restriction.

(c) & (d): Cotton growers are getting remunerative prices for their produce which are either equal tp Minimum support Price (MSP) or higher than the MSP. The MSP is fixed by the Government of India every year on the recommendation of Commission on Agricultural Costs & Prices (CACP) which takes into account the cost of inputs for cultivation and a reasonable margin of profit to the cotton farmer. This mechanism of fixing MSP on year to year basis helps in guaranteeing an assured price to the cotton farmers and sustain their continued interests in cotton cultivation. In order to maintain the supply of cotton in the domestic market government has initiated various measures through aegis of Technology Mission on Cotton (TMC) so as to increase the production and productivity and quality of cotton. Similarly, Genetic Engineering Approval Committee (GEAC) has released 20 varieties of Bt cotton for commercial cultivation leading to higher yields and higher production levels of cotton to meet the cotton requirements of the domestic market. The Cotton Advisory Board (CAB) has estimated crop production at 270 lakh bales of cotton during the current cotton season 2006-07, which is more than the demand.

(e) & (f): With a view to boost exports, the Government of India has placed cotton export under OGL since 2.7.2001 without any quantitative restriction such as certification on registration, allocation, quality of exports of raw cotton by the Textile Commissioner. From the financial year 2005-06, the Government has announced a duty draw back of 1% as an incentive for export of cotton. At present, there is no proposal to provide export subsidy on cotton.